

TAB

A BILL

To amend the Central Intelligence Agency Retirement Act of 1964 for Certain Employees, and for other purposes.

SECTIONAL ANALYSIS AND EXPLANATION

(NOTE: Proposed legislation by section is set forth on the left with the existing Central Intelligence Agency statutory provision, if any, on the right.)

Proposed Legislation

Existing Legislation

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 1. The Central Intelligence Agency Retirement Act of 1964 for Certain Employees, 78 Stat. 1043 (50 U.S.C. 403 note) is amended by striking subsection 204 (b) (3) and inserting the following in lieu thereof:

"(3) 'Child', for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support, or such unmarried child between eighteen and twenty-two years of age who is a student regularly pursuing a full-

(3) "Child", for the purposes of sections 221 and 232 of this Act, means an unmarried child, including (i) an adopted child, and (ii) a stepchild or recognized natural child who received more than one-half of his support from and lived with the participant in a regular parent-child relationship, under the age of eighteen years, or such unmarried child regardless of age who because of physical or mental disability incurred before age eighteen is incapable of self-support or such unmarried child between eighteen and twenty-one years

Proposed Legislation

/Section 1 continued/

time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university or comparable recognized educational institution. A child whose twenty-second birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 221(e) of this Act to have attained the age of twenty-two on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed five months and if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim. The term 'child', for purposes of section 241, shall include an adopted child and a natural child, but shall not include a stepchild."

Explanation: This section eliminates the requirement that a child be dependent upon a parent participant in order to receive a survivor annuity; raises from 21 to 22 the maximum age for receiving survivor annuity payments as a student; increases from 4 to 5 the maximum months absence from school which may be permitted without terminating such a survivor

Existing Legislation

of age who is a student regularly pursuing a full-time course of study or training in residence in a high school, trade school, technical or vocational institute, junior college, college, university, or comparable recognized educational institution. A child whose twenty-first birthday occurs prior to July 1 or after August 31 of any calendar year, and while he is regularly pursuing such a course of study or training, shall be deemed for the purposes of this paragraph and section 221(e) of this Act to have attained the age of twenty-one on the first day of July following such birthday. A child who is a student shall not be deemed to have ceased to be a student during any interim between school years if the interim does not exceed four months and if he shows to the satisfaction of the Director that he has a bona fide intention of continuing to pursue a course of study or training in the same or different school during the school semester (or other period into which the school year is divided) immediately following the interim.

Proposed Legislation

Existing Legislation

/Section 1 Explanation continued/

annuity; and permits a natural child of a deceased participant to share in the distribution of any money or deposit in the CIA Retirement and Disability Fund which belongs to the deceased participant. Similar changes in the administration of the civil service retirement system were approved during the 89th Congress by amendment to the Civil Service Act, P. L. 89-407, and the "Civil Service Retirement Act Amendments of 1966" set forth in P. L. 89-504.

Sec. 2. Section 221.(a) of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by striking out "thirty-five" and substituting "forty".

Sec. 3. Section 221.(b) of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by deleting the words "or remarriage" from the first sentence, and section 232(b) is amended by deleting the words "or remarriage" from the second sentence.

Sec. 221 (a). The annuity of a participant shall be equal to 2 per centum of his average basic salary for the highest five consecutive years of service, for which full contributions have been made to the fund, multiplied by the number of years, not exceeding thirty-five, of service credit obtained in accordance with the provisions of sections 251 and 252. In determining the aggregate period of service upon which the annuity is to be based, the fractional part of a month, if any, shall not be counted.

Sec. 221. (b) At the time of retirement, any married participant may elect to receive a reduced annuity and to provide for an annuity payable to his wife or her husband, commencing on the date following such participant's death and terminating upon the death or remarriage of such surviving wife or husband. The annuity payable to the surviving wife or husband after such participant's death shall be 55 per centum of the amount of the participant's annuity

Proposed Legislation

/Section 3 continued/

Existing Legislation

computed as prescribed in paragraph (a) of this section, up to the full amount of such annuity specified by him as the base for the survivor benefits. The annuity of the participant making such election shall be reduced by 2 1/2 per centum of any amount up to \$3,600 he specified as the base for the survivor benefit plus 10 per centum of any amount over \$3,600 so specified.

Sec. 232.(b) If a participant, who has at least five years of service credit toward retirement under the system, excluding military or naval service that is credited in accordance with the provisions of section 251 or 252(a) (2), dies before separation or retirement from the Agency and is survived by a widow or a dependent widower, as defined in section 204, such widow or dependent widower shall be entitled to an annuity equal to 55 per centum of the annuity computed in accordance with the provisions of section 221(a). The annuity of such widow or dependent widower shall commence on the date following death of the participant and shall terminate upon death or remarriage of the widow or dependent widower, or upon the dependent widower's becoming capable of self-support.

Proposed Legislation

Existing Legislation

/Section 3 continued/

Explanation: This section permits the annuity of a widow or a dependent widower to continue in the event of remarriage. This provision is similar to section 832(b) of the Foreign Service Act (22 U.S.C. 1082(b)).

Sec. 4. Section 221, (e) of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended to read as follows:

"(e) The commencing date of an annuity payable to a child under paragraph (c) or (d) of section 232, shall be deemed to be the day after the annuitant or participant dies, with payment beginning on that day or beginning or resuming on the first day of the month in which the child later becomes or again becomes a student as described in section 204(b)(3), provided the lump-sum credit, if paid, is returned to the fund. Such annuity shall terminate on the last day of the month before (1) the child's attaining age eighteen unless he is then a student as described or incapable of self-support, (2) his becoming capable of self-support after attaining age eighteen unless he is then such a student, (3) his attaining age twenty-two if he is then such a student and not incapable of self-support, (4) his ceasing to be such a student after attaining age eighteen unless he is then incapable of self-support, (5) his marriage, or (6) his death, whichever first occurs."

Sec. 221.(e) The annuity payable to a child under paragraph (c) or (d) of this section shall begin on the day after the participant dies, and such annuity or any right thereto shall terminate on the last day of the month before (1) his attaining age eighteen unless incapable of self-support, (2) his becoming capable of self-support after age eighteen, (3) his marriage, or (4) his death, except that the annuity of a child who is a student as described in section 204(b)(3) of this Act shall terminate on the last day of the month before (1) his marriage, (2) his death, (3) his ceasing to be such a student, or (4) his attaining age twenty-one.

Proposed Legislation

Existing Legislation

/Section 4 continued/

Explanation: This section provides for the commencement and termination date for a child survivor annuity and assures that the survivor annuity of a student may be granted even though it had previously been terminated. A similar provision is contained in the Civil Service Retirement Act Amendments of 1966, Sec. 506(d), P.L. 89-504.

Sec. 5. Section 221 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by deleting the last two sentences of subsection (f), and adding the following new paragraphs (g) and (h)

Sec. 221.(f) Any unmarried participant retiring under the provisions of this Act and found by the Director to be in good health may at the time of retirement elect a reduced annuity, in lieu of the annuity as hereinbefore provided, and designate in writing a person having an insurable interest (as that term is used in section 9(h) of the Civil Service Retirement Act (5 U.S.C. 2259(h)) in the participant to receive an annuity after the participant's death. The annuity payable to the participant making such election shall be reduced by 10 per centum of an annuity computed as provided in paragraph (a) of this section, and by 5 per centum of an annuity so computed for each full five years the person designated is younger than the participant, but such total reduction shall not exceed 40 per centum. The annuity of a survivor designated under this paragraph shall be 55 per centum of the reduced annuity computed as prescribed above. The annuity payable to a beneficiary under the provisions of this paragraph shall begin on the first day of the next month after the participant dies. Upon the death of

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Existing Legislation

the surviving beneficiary all payments shall cease and no further annuity payments authorized under this paragraph shall be due or payable.

"(g) Except as otherwise provided, the annuity of a participant shall commence on the day after separation from the service, or on the day after salary ceases and the participant meets the service and the age or disability requirements for title thereto. The annuity of a participant under section 234 shall commence on the day after the occurrence of the event on which payment thereof is based. An annuity otherwise payable from the fund allowed on or after date of enactment of this provision shall commence on the day after the occurrence of the event on which payment thereof is based.

"(h) An annuity payable from the fund on or after date of enactment of this provision shall terminate (1) in the case of a retired participant on the day death or any other terminating event occurs, or (2) in the case of a survivor, on the last day of the month before death or any other terminating event occurs."

See 221. (f) above.

Explanation: This change authorizes the payment of annuities from the fund as soon as a participant otherwise eligible for an annuity enters non-pay status and incorporates specific provisions for commencement of annuities to survivors other than children, and the termination of annuities to retirees and survivors. The language relating to commencement and termination of annuities is comparable to that of section 14 of the Civil Service Retirement Act, 5 U.S.C. 8301.

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Sec. 6. Section 252 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by deleting subsection (c)(1); renumbering subsections (c)(2) and (c)(3) to read (c)(3) and (c)(4); and inserting the following new subsections (c)(1) and (c)(2):

"(c)(1) If an officer or employee under some other Government retirement system becomes a participant in the system by direct transfer, the Government's contributions under such retirement system on behalf of the officer or employee shall be transferred to the fund and such officer and employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to his credit in the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

"(c)(2) If a participant in the system becomes an employee under another Government retirement system by direct transfer to employment covered by such system, the Government's contributions to the fund on his behalf may be transferred to the fund of the other system and his total

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Sec. 252. (c)(1) If an officer or employee under some other Government retirement system becomes a participant in the system by direct transfer, such officer or employee's total contributions and deposits, including interest accrued thereon except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service rendered prior to becoming a participant in the system.

None

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Existing Legislation

/Section 6 continued/

contributions and deposits, including interest accrued thereon, except voluntary contributions, may be transferred to his credit in the fund of such other retirement system at the request of the officer or employee effective as of the date he becomes eligible to participate in such other retirement system. Each such officer or employee in requesting such transfer shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the fund on account of service rendered prior to his becoming eligible for participants in such other system."

Explanation: This change permits the transfer to the fund of the employer's contributions as well as the contributions of the employee when an employee is transferred from some other Government retirement system to the CIA Retirement and Disability System. In addition, it authorizes the transfer from the Agency retirement fund of the employee's and the employer's contributions whenever a participant becomes eligible for participation in any other Government retirement system. It is a new authority in Government.

Sec. 7. Section 273 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended by deleting subsection (a); renumbering subsection (b) to read (c); and inserting the following new subsections (a) and (b):

"(a) Notwithstanding any other provision of law, any annuitant who has retired under this Act and

Sec. 273. (a) Notwithstanding any other provision of law, any annuitant who has retired under this

Proposed Legislation

/Section 7 continued/

who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive on the date of his retirement from the Agency. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder.

"(b) When any such annuitant is reemployed, he shall notify the Director of Central Intelligence of such reemployment and shall provide all pertinent information relating thereto."

Explanation: This provision will permit an annuitant retired under the Central Intelligence Agency Retirement Act to receive his full salary upon reemployment in the Federal Government service subject to a maximum limitation of combined salary and annuity in the amount of his salary at the time of retirement. This provision further imposes on the annuitant the requirement to notify the Director of Central Intelligence of such reemployment. This provision is similar to Section 872 of the Foreign Service Act, 22 U.S.C. 1112.

Existing Legislation

Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive his annuity payable under this Act, but there shall be deducted from his salary a sum equal to the annuity allocable to the period of actual employment.

Proposed Legislation

Sec. 8. Section 291 of the Central Intelligence Agency Retirement Act (50 U.S.C. 403 note) is amended to read as follows:

"Sec. 291. (a) On the basis of determinations made by the Director pertaining to percentum change in the price index, the following adjustments shall be made:

"(1) Each annuity payable from the fund on January 1, 1967, shall be increased on that date by (a) 12.4 per centum for annuities which commence on or before January 1, 1966, or (b) 4.9 per centum for annuities which commence on or between January 2, 1966, and January 1, 1967.

"(2) Each month beginning with November 1966, the Director shall determine the per centum change in the price index. Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the base month, each annuity payable from the fund which has a commencing date not later than such effective date shall be increased by the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

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Sec. 291. (a) On the basis of determinations made by the Civil Service Retirement Act, as amended, pertaining to per centum change in the price index, the following adjustments shall be made:

(1) Effective April 1, 1966, if the change in the price index from 1964 to 1965 shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2, 1965, shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

(2) Effective April 1 of any year other than 1966 after the price index change shall have equaled a rise of at least 3 per centum, each annuity payable from the fund which has a commencing date earlier than January 2 of the preceding year shall be increased by the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum.

Proposed Legislation

/Section 8 continued/

"(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

"(1) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221 (c)), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by the total per centum increase the annuitant was receiving under this section at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

"(2) Effective from its commencing date, an annuity payable from the fund to a child under section 221 (c), which annuity commences the day after annuitant's death and after January 1, 1967, shall be increased by (a) 2 per centum if the annuity from which it is derived commenced on or before January 1, 1966, or (b) 1 per centum if the annuity from which it is derived commenced on or between January 2, 1966, and January 1, 1967.

Existing Legislation

(b) Eligibility for an annuity increase under this section shall be governed by the commencing date of each annuity payable from the fund as of the effective date of an increase, except as follows:

(1) Effective from the date of the first increase under this section, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221 (c)), which annuity commenced the day after the annuitant's death, shall be increased as provided in subsection (a) (1) of (a) (2) if the commencing date of annuity to the annuitant was earlier than January 2 of the year preceding the first increase.

(2) Effective from its commencing date, an annuity payable from the fund to an annuitant's survivor (other than a child entitled under section 221 (c)), which annuity commences the day after the annuitant's death and after the effective date of the first increase under this section, shall be increased by the total per centum increase the annuitant was receiving under this section at death.

Proposed Legislation

/Section 8 continued/

"(3) For the purposes of computing an annuity which commences after January 1, 1967, to a child under section 221 (c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221 (c) shall be increased by 10.2 per centum plus the total per centum increase allowed and in force under section 291 (a) (2) for employee annuities, and, in the case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death; or if death occurred between January 1, 1967, and date of enactment, the per centum increase the annuitant would have received.

"(c) Any annuity increased under this section shall be decreased by the amount of increase in force and effect with respect to that annuity under section 291 prior to the date of enactment of this Act.

"(d) The term 'price index' shall mean the Consumer Price Index (all items--United States city average) published monthly by the Bureau of

Existing Legislation

(3) For purposes of computing an annuity which commences after the effective date of the first increase under this section to a child under section 221 (c), the items \$600, \$720, \$1,800, and \$2,160 appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section and, in case of a deceased annuitant, the items 40 per centum and 50 per centum appearing in section 221 (c) shall be increased by the total per centum increase allowed and in force under this section to the annuitant at death. Effective from the date of the first increase under this section, the provisions of this paragraph shall apply as if such first increase were in effect with respect to computation of a child's annuity under section 221 (c) which commenced between January 2 of the year preceding the first increase and the effective date of the first increase.

(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

(d) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar.

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Existing Legislation

/Section 8 continued/

Labor Statistics. The term 'base month' shall mean the month of October 1966 for the first increase under section 291 (a) (2) and thereafter the month for which the price index showed a per centum rise forming the basis for a cost-of-living annuity increase.

"(c) No increase in annuity provided by this section shall be computed on any additional annuity purchased at retirement by voluntary contributions.

"(f) The monthly installment of annuity after adjustment under this section shall be fixed at the nearest dollar, except that such installment shall after adjustment reflect an increase of at least \$1."

Explanation: This section increases certain annuities as of 1 January 1967 by an amount equivalent to the total percentum increase in force and effect for certain civil service retirees under existing law relating to cost-of-living adjustment of annuities (P.L. 88-793, P.L. 89-205, P.L. 89-314). It also assures that future increases will be in phase with those granted under the Civil Service Retirement System under current law. This is accomplished by tying annuity adjustments to monthly rather than yearly cost-of-living indicators and permitting adjustment three months rather than fifteen months after the required percentage rise in cost-of-living has been registered. This authority offsets against any increase, any cost-of-living adjustment of annuity in source and effect under current law prior to enactment of this bill.

Proposed Legislation

Existing Legislation

Sec. 9. Section 5541 (2) of title 5, United States Code, is amended by (1) striking out "or" at the end of paragraph (xii); (2) deleting the period at the end of paragraph (xiii) and inserting ";or"; and (3) adding the following new paragraph: "(xiv) an officer or employee of the Central Intelligence Agency."

None

Explanation: This change amends the Federal Employees Pay Act of 1945, as amended (5 U.S.C. 5541) to include the officers and employees of the Central Intelligence Agency among those already excluded from the provisions of that Act.

CENTRAL
INTELLIGENCE AGENCY
ACT

AMENDMENTS

